



Rebuild America Success Stories highlight partnerships working to improve communities by practicing energy awareness and investing in energy-saving measures.

- ☐ New Building Design
- ☒ Existing Building Improvement
- ☐ Operation and Maintenance
- ☐ Renewable Energy Technologies
- ☒ Financing Building Improvements



## The Energy Fund

### *Waves of Performance Contracts Backed by Bonds and Special Fund*

Louisiana's Energy Fund is a key financial element in an ambitious program of energy-efficiency projects, most of them retrofits through performance contracts. The Energy Fund will protect investors who buy the bonds that finance the projects. Schools, hospitals, public housing and office buildings will benefit.

### The Challenge

Performance contracting does not require a payment from a customer for a building retrofit, because the contract specifies that costs are covered by the resultant savings on energy bills. But such projects typically require a loan to get the work done before the savings can begin to be realized. In the past, Louisiana would fund these projects out of the Institutional Conservation Program, but that avenue is no longer available. The state government decided to set up a revolving loan fund to finance the energy-efficiency upgrades.

Many of Louisiana's parishes – the state's version of counties – are populated largely by low-income people, such as Mississippi Delta farmers. As taxpayers, they cannot afford many of the building upgrades accomplished in prosperous parts of the United States. That provided the state government with the motivation to create a financing program for the needed upgrades. The upgrades will be in schools, hospitals, public housing and government office buildings.

Major challenges faced during the first year of the program centered on defining and executing a new process for the way performance contracts will be executed in Louisiana from now on. Getting and keeping the first pool together provided a formidable challenge. New standard RFP (request for proposal) and contract documents had to be developed. Many battles were waged over the interpretation of Louisiana law as it pertains to performance contracting. Interest was running high the first year with legislative and other challenges. Rebuild Louisiana is working through all of these challenges with the help of the Rebuild America staff and the Department of Energy.

### The Solution

Louisiana approved a system of tax-exempt state bonds to provide the initial funding for energy upgrades to buildings. The bonds will be repaid from the energy cost savings of the projects. The Energy Fund, created by the Louisiana Department of Natural Resources (DNR), will serve as a "first-loss reserve fund" to cushion bond investors against project failures. The fund's \$5 million originates from payments by petroleum companies for violations of state regulations.

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# Partnership Facts:

**Name of Partnership:**

Rebuild Louisiana  
Louisiana Department  
of Natural Resources

**Targeted Buildings:**

K-12 school buildings in first  
group; hospitals in second group;  
public housing and government  
office buildings in third group

**Anticipated Investment:**

\$20 million approved for six  
K-12 schools and one office  
buildings; \$35 million anticipated  
for hospitals, yet to be approved;  
\$33 million anticipated for public  
housing, yet to be approved

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For more information about  
energy-saving technologies,  
visit the Business Partners  
section of the Rebuild America  
Web site: [www.rebuild.gov](http://www.rebuild.gov)  
or contact Rebuild America  
at: 252-459-4664.

The first pool of projects was devoted primarily to schools. The second pool was to emphasize hospitals, and the third was to focus on public housing.

In the first pool, projects approved by the state bond commission include:

- Allen Parish School System, \$2 million, with Siemens Building Technologies Inc.
- Avoyelles Parish Schools, \$2 million, TAC Americas
- East Baton Rouge Parish School System, \$5 million, multiple bids being sought for conventional rather than performance contract
- Evangeline Parish government office building, retrofit and new annex, \$1 million, Siemens
- Iberville Parish School System, \$3 million, Siemens
- Natchitoches Parish School System, \$3 million, Trane Co.
- St. Charles Parish School System, second phase, \$2 million, Siemens
- St. James Parish School System, \$2 million second phase, Siemens

For any of the approved projects that are delayed by contract negotiations, the Louisiana DNR is willing to include them in a subsequent pool.

Projects are to be completed in six to 12 months with payment terms of 10, 12, and 15 years. Estimates of annual savings, in terms of energy and money, will be provided upon conclusion of final negotiations.

Along with the Louisiana DNR, organizations involved in the Energy Fund program include the Louisiana Public Facilities Authority, Lehman Brothers and Hibernia National Bank.

Rebuild America and its support team have played a pivotal role in nurturing the Louisiana program to its present status. Applying the Rebuild America philosophy of market-based approaches, Louisiana has created an environment in which government can do business with private companies through the Energy Fund while availing itself of all of the advantages that partnerships have available to them through Rebuild America - advantages in terms of expertise on technologies, funding and program structures.

To learn more visit: [www.eere.energy.gov](http://www.eere.energy.gov).

**A Strong Energy Portfolio for a Strong America**

Energy efficiency and clean, renewable energy will mean a stronger economy, a cleaner environment, and greater energy independence for America. Working with a wide array of state, community, industry, and university partners, the U.S. Department of Energy's Office of Energy Efficiency and Renewable Energy invests in a diverse portfolio of energy technologies.

Rebuild America is a U.S. Department of Energy program that focuses on improving communities through energy-saving solutions.



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